

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 AF-08 ARA-06 NEA-10

AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 OIC-02 /132 W

-----181605Z 081032 /53

P R 181516Z JAN 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 4591

INFO ALL EC CAPITALS 157

AMEMBASSY BERN

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USMISSION OECD PARIS

C O N F I D E N T I A L GENEVA 0297

E.O. 11652: GDS

TAGS: GATT, ETRD

SUBJECT: GATT WP ON EXPORT INFLATION INSURANCE

REF: A. 76 GENEVA 9978 B. LONDON 133 C. GENEVA 23

1. JANUARY 10 PRESS REPORT FROM BRUSSELS (EUROPEAN REPORT) STATES THAT BRITISH AND FRENCH ARE URGING EC COMMISSION TO "SHARPEN" ITS DEFENSE OF EC MEMBER-STATE EXPORT INFLATION INSURANCE SCHEMES WHICH HAVE COME UNDER FIRE IN SUBJECT WP. REPORT CLAIMS THAT U.S.A., "...ITSELF PUT IN THE INTERNATIONAL DOCK BY EUROPEANS FOR ITS SYSTEM OF DISC, HAS RETORTED TO THIS CRITICISM BY POINTING THE FINGER AT COST ESCALATION PRACTICES." REPORT SAYS THAT NINE HAVE AGREED TO ALLOW EC

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COMMISSION OT RAISE JAPANESE TAX-FREE LOSS SCHEME WHEN WP MEETS IN FEBRUARY.

2. MISSION REPORTED THIS LATTER POSSIBILITY A MONTH AGO (REFTEL A) AND REQUESTED INFORMATION ON JAPANESE AND OTHER COUNTRIES' PRACTICES IN THIS AREA. WE NOTED THAT ON SURFACE, TAX-FREE LOSS RESERVES WOULD SEEM TO FALL

OUTSIDE WP TERMS OF REFERENCE, IN THAT THEY NOT DIRECTLY LINKED TO EXPORT COST INFLATION.

3. CLEARLY, WE MUST BE PREPARED EITHER TO ACCEPT INCLUSION EXAMINATION TAX-FREE LOSS RESERVES (AND PRESUMABLY THE WEAKENING OF JAPANESE VOICE IN WP THAT WOULD ACCOMPANY SUCH INCLUSION) OR WE MUST POSSESS SUFFICIENT INFORMATION ABOUT JAPANESE SCHEME THAT WE MAY EFFECTIVELY OPPOSE ITS INCLUSION.

4. DUE TO DELAYS IN SUBMISSION OF DATA ON INFLATION INSURANCE SCHEMES IN SEVERAL COUNTRIES, WP NOT EXPECTED CONVENE BEFORE MID-FEBRUARY.

5. ACTION REQUIRED: WE BELIEVE EARLY ATTENTION TO ITEM 3 ABOVE IS ESSENTIAL, IN THAT IT WILL BE NECESSARY FOR US TO ASSURE JAPANESE THAT WE WILL OPPOSE EXAMINATION TAX-FREE LOSS SCHEMES, AND WE MUST COORDINATE THAT EFFORT WITH OTHER MEMBERS OF WP, SUCH AS CANADA AND SWEDEN, SUFFICIENTLY IN ADVANCE OF WP. WOULD ALSO WELCOME COMMENTS ON REFTEL C. CATTO

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Message Attributes

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Sent Date: 18-Jan-1977 12:00:00 am
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